

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20 L-03 SAM-01

NSC-10 SS-20 STR-08 CEA-02 PA-04 PRS-01 USIA-15 DRC-01

/182 W

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R 152122Z FEB 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 6342

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

C O N F I D E N T I A L TEGUCIGALPA 0687

E.O. 11652: GDS

TAGS: EGEN, EAGR, HO

SUBJECT: HONDURAN AGRARIAN REFORM

REF: TEGUCIGALPA 0665

SUMMARY: HONDURAN CATTLEMEN'S ASSOCIATION FRNAGH HAS SHARPENED ITS HOSTILITY AGAINST GOH BECAUSE OF DRASTIC DRAFT AG REFORM LAW WHICH WAS LEAKED TO PRIVATE SECTOR IN JANUARY. GOH HAS ASSURED US THAT THIS DRAFT WILL NOT REPEAT NOT BE ENACTED INTO LAW. IT IS LIKELY THAT GOH, IN SPITE OF ITS IRRITATION WITH MORE EXTREME LAND-HOLDER CRITICS, WILL COOPT PRIVATE SECTOR INTO FORMULATION OF AGRARIAN REFORM LAW. END SUMMARY.

1. IN MID-JANUARY NATIONAL AGRARIAN INSTITUTE (INA) SUBMITTED TO CABINET DRAFT AGRARIAN REFORM LAW, WHICH
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HAD CONSPICUOUS SHORTCOMINGS IN TERMS OF PROCEDURAL

SAFEGUARDS AGAINST ARBITRARY CONFISCATION OF PRIVATE LAND. DRAFT FORECLOSED ANY APPEALS RECOURSE. IT ALSO DEPARTED FROM CRITERION THAT ONLY IDLE OR UNDER-EXPLOITED LAND WOULD BE CONFISCATED, TO INTRODUCE NEW PROVISIO THAT HOLDINGS COULD BE SEIZED IN RESPONSE TO "PEASANT PRESSURE." DRAFT WAS PREPARED BY SPECIAL INA SUBORDINATED COMMITTEE HEADED BY FAO BRAZILIAN TECHNICIAN WHO IS KNOWN LOCALLY AS COMMUNIST.

2. PAPER WAS LEAKED TO RANCHERS AND BUSINESSMEN IN MID-JANUARY, AND IMMEDIATELY PROVOKED INTENSE CRITICISM,

NOT ONLY FROM FENAGH, BUT FROM ENTIRE PRIVATE SECTOR. PARTICULARLY THE CATTLEMEN HAVE MOUNTED SHARP ATTACKS ON GOVERNMENT, WHICH INCLUDE UNJUSTIFIABLE ACCUSATIONS THAT EMBASSY AND AID ARE FOMENTING EXTREMIST LAND REFORM PROGRAM. IN FACT, EMBASSY HAD NO KNOWLEDGE WHATEVER OF CONTENTS OF DRAFT UNTIL IT WAS LEAKED.

3. WE HAVE NOW BEEN ADVISED THAT FENAGH HAS SENT REPRESENTATIVES TO VISIT CA CAPITALS AND PRESENT GOVERNMENT OFFICIALS WITH COPIES OF DRAFT. FENAGH APPARENTLY IS ATTEMPTING TO INCITE REACTION OF NEIGHBORING COUNTRIES AGAINST AGRARIAN REFORM AND POSSIBLY DIRECTLY AGAINST GOH.

4. EMBOFFS HAVE BEEN ADVISED THAT INA DRAFT (NOW BEING WIDELY CIRCULATED IN ZEROX FORM) DOES NOT REPEAT NOT HAVE ANY CHANCE OF CABINET APPROVAL. CABINET HAD NO INPUTS INTO IT. DOCUMENT IN FACT IS CONSIDERED UNACCEPTABLE BY SENIOR CABINET MINISTERS, AND CHIEF OF STATE LOPEZ HAS STATED IN MEETING WITH CHARGE THAT MANY CHANGES MUST BE MADE. WE HAVE HEARD NOW THAT DRAFT IS GOING TO BE COMPLETELY SIDELINED IN FAVOR OF MODIFYING EXISTING AGRARIAN REFORM LAW. (N.B. PRESENT LAW HAS BEEN ON BOOKS SINCE 1962, BUT HAS NEVER BEEN ENFORCED. IT HAS ESSENTIALLY THE SAME GOALS AS LOPEZ JAN 1 SPEECH, I.E. TO LOCATE PEASANTS ON UNUTILIZED LANDS. IT PROVIDED FOR TAKING IDLE TERRAIN OVER THROUGH CONFISCATORY TAXATION.)
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5. CABINET IS TAKING POSITION THAT BEST STRATEGY AGAINST ATTACKS AND RUMORS IS TO PREPARE AGRARIAN REFORM LAW WITH ALL DUE SPEED WITHOUT PUBLICLY RESPONDING TO CRITICS OR DISAVOWING INA DOCUMENT. SENIOR MINISTERS ARE, HOWEVER, PRIVATELY DISASSOCIATING GOVERNMENT FROM IT. SINCE AGRARIAN REFORM AND FORESTRY LAW CONSTITUTE TWO MAJOR SECTORS OF DEVE-

LOPMENT PLAN, CABINET IS UNLIKELY TO BE STAMPEDED INTO CARELESS PREPARATION OF REFORM. GEN LOPEZ ON DEC 5 PROMISED PRIVATE SECTOR (COHEP, WHICH INCLUDES FENAGH) THAT THEY WOULD BE CONSULTED ON PREPARATION OF ALL PLANNING. SO FAR THIS HAS BEEN GOH TACTIC IN PREPARING DECREE NO. 8 (TEMPORARY, PENDING LAND REFORM), REVISING LABOR CODE AND DEVISING MINIMUM WAGE LAW. FORESTRY LAW WAS "SPRUNG" UNANNOUNCED, HOWEVER, AND CONTRIBUTED TO FEAR THAT SAME WOULD HAPPEN WITH INA MEASURE. WE DISCUSSED THESE ENTREPRENEURIAL FEARS WITH FONMIN BATRES ON FEB 10, AND HE EMPHATICALLY AFFIRMED THAT HE WOULD INSIST THAT PRIVATE SECTOR REPRESENTATIVES BE CONSULTED ON LAND REFORM DETAILS, AND REVEALED HE WAS ALREADY CONSIDERING MECHANISMS TO FORMALIZE THIS.

6. AG REFORM WILL BE PAINFUL EXPERIENCE FOR MANY HONDURAN LARGE LAND OWNERS EVEN IF INITIAL STATE SHOULD BE SIMPLY TO ENFORCE EXISTING STATUTES. SOME ELEMENTS THIS GROUP (AND OTHERS) ARE BECOMING INCREASINGLY EXTREMIST IN THEIR ATTACKS ON GOH. THEIR FRUSTRATION IS INCREASED BY INABILITY TO ACT THROUGH A TRADITIONALLY PLIANT LEGISLATIVE BRANCH OR TRADITIONALLY SUBORNABLE SENIOR OFFICIALS. LACKING THESE SURE-FIRE CHANNELS, PRESSURE GROUP EXTREMISTS ARE NOT LIKELY TO BE ASSURAGED BY GOH "CONSULTATION WITH CONCERNED SECTORS." EMBASSY DOES JUDGE, HOWEVER, THAT THIS CONSULTATION WILL OCCUR. WE ALSO CONSIDER THAT A MAJOR PORTION, IF NOT MOST, OF THE LAND RESETTLEMENT WILL BE ACCOMPLISHED ON PUBLIC AS OPPOSED TO PRIVATE LANDS. THIS HAS OVERWHELMINGLY BEEN THE PRACTICE UNDER DECREE NO. 8.

7. ADDRESSEES MAY DRAW ON FOREGOING BACKGROUND IF ANY
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QUESTION ON THIS SUBJECT ARISES.
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